

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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IN RE MERRILL LYNCH AUCTION RATE : Master File No.:
SECURITIES LITIGATION : No. 09-md-2030 (LAP)
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THIS DOCUMENT RELATES TO : ECF Case
NO. 1:08-CV-3037 (LAP) : Electronically Filed
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**DECLARATION OF JAY B. KASNER IN SUPPORT OF
DEFENDANTS' MOTION TO DISMISS LEAD PLAINTIFFS' "FIRST
AMENDED CONSOLIDATED CLASS ACTION COMPLAINT"**

JAY B. KASNER, under penalty of perjury, declares as follows:

1. I am a member of the Bar of this Court and of the firm Skadden, Arps, Slate, Meagher & Flom LLP, attorneys for Defendants Merrill Lynch & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Defendants").

2. I submit this declaration in support of Defendants' Motion To Dismiss Lead Plaintiffs' "First Amended Consolidated Class Action Complaint" and to transmit to the Court true and correct copies of the following documents:

Exhibit A Merrill Lynch, Description of Merrill Lynch's Auction Rate Securities Practices and Procedures (referenced in Compl. ¶¶ 173-74)

Exhibit B United States Securities and Exchange Commission (the "SEC") Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of The Securities Act of 1933 and Section 15(b) of The Securities Exchange Act Of 1934 (May 31, 2006)

Exhibit C ARS Trade Confirmation (Nov. 2, 2007) (referenced in Compl. ¶ 174)

Exhibit D Merrill Lynch Research Report, The Fixed Income Digest: Liquidity features of money market fund alternatives (Aug. 22, 2007) (referenced in Compl. ¶ 72)

Exhibit E Merrill Lynch Research Report, Closed-End Funds: Funding Issues (Jan. 28, 2008) (referenced in Compl. ¶ 145)

Exhibit F Excerpts from Blackrock MuniHoldings Fund, Inc., Series C Prospectus (filed on Oct. 17, 2005) (purchased by Lead Plaintiff Ronald Levy (Compl., Certification of Proposed Lead Plaintiff))

Exhibit G Excerpts from Nuveen Premium Income Municipal Fund, Inc., Series M Prospectus (filed on Sept. 29, 1997) (purchased by Lead Plaintiff Michael Bonde (Compl., Certification of Proposed Lead Plaintiff))

Exhibit H Merrill Lynch Research Report, Fixed Income Digest Special Edition: Enduring value in auction securities (Dec. 6, 2007) (referenced in Compl. ¶ 75)

Exhibit I Excerpts from Blackrock Muniholdings Fund, Inc., Series A Prospectus (filed on June 2, 1997) (purchased by Lead Plaintiff Colin Wilson (Compl., Certification of Proposed Lead Plaintiff))

Exhibit J Merrill Lynch Press Release dated Aug. 21, 2008, filed with the SEC on Form 8-K on Aug. 22, 2008 (referenced in Compl. ¶ 180)

Exhibit K SEC Press Release, SEC Enforcement Division Announces Preliminary Settlement With Merrill Lynch to Help Auction Rate Securities Investors (Aug. 22, 2008) (referenced in Compl. ¶ 177)

Exhibit L Merrill Lynch Research Report, Auction Market Value Sheet, Back to Basics in the Auction Market (Feb. 8, 2008) (referenced in Compl. ¶ 145)

Exhibit M Associated Press, *SEC examining possible deception practices in auction bond market*, Associated Press Worldstream (June 24, 2004)

Exhibit N Aaron Lucchetti, *SEC Probes How Major Firms Handled Auction-Rate Bonds*, Wall Street Journal (June 24, 2004)

Exhibit O Stan Rosenberg, *Muni Watch: Cook County Opt For Variable-Rate Debt Sale*, Dow Jones Capital Markets Report (June 28, 2004)

Exhibit P CBSMarketWatch, *SEC probes banks bond practices*, CBSMarketWatch (Sept. 16, 2004)

Exhibit Q Reuters, *Citigroup, 3 others face SEC auction-rate probe*, Reuters News (Sept. 16, 2004)

Exhibit R Bloomberg News, *Firms Face SEC's Auction-Rate Probe*, Los Angeles Times (Sept. 16, 2004)

Exhibit S Lynn Hume, *SEC Uncovers Auction-Rate Problems; Would Like To See Global Settlement*, The Bond Buyer (Jan. 12, 2005)

Exhibit T Denise Lugo, *Out Takes*, Investment Dealers Digest (Jan. 17, 2005)

Exhibit U Susanne Walker, *Issuers Increasingly Took a Variable Route*, The Bond Buyer (Feb. 14, 2005)

Exhibit V Susanne Walker, *Auction-Rate Securities: Players: Heavier Retail Action Can Offset Strict View of FASB Rule*, The Bond Buyer (Mar. 17, 2005)

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 24, 2009



JAY B. KASNER